# BLACK MONDAY

**by the staff of The Pacific Studies Center**

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# *Black Monday*

## How Business and Government are Using Civil Rights to Make Other People Pay for Inflation

(This article, researched and written jointly by the staff of the Pacific Studies Center, is reprinted from Ramparts. Readers of Pacific Research & World Empire Telegram are urged to subscribe to Ramparts, where more PSC material will appear from time to time.)

[MOVING IN BEHIND BLACK MONDAY]

BLACK MONDAY: The demonstrators—non-violent civil rights tradionalists, ghetto militants, black craftsmen and contractors, NAACPers, white clergymen, suburban housewives, students and even a few businessmen—march singing through the late-summer streets of Seattle, Chicago, and Pittsburgh. They march up to the bustling construction sites and ask the hard-hatted white workers to stop building; they sit down in the street when the workers balk, and then submit to arrests and token sentences.

Their demands—full access to union apprenticeships and an end to discrimination in union hiring halls—are clearly just. The white worker, taunting the blacks and staging his own White Friday marches, plays the perfect Georgia cracker. AFL-CIO president George Meany is Bull Connor. The national conscience is moved.

"Black Mondays are good for us," Fortune magazine tells its big business readers. "It is heartening that the blacks are acting in concert to win themselves a decent place in this big sector of the economy." McGraw-Hill applauds the blacks in its influential Business Week and Engineering News-Record. Highlighting "the collision course" between organized labor and the black community, Newsweek indirectly urges two, three, many Pittsburghs.

In Seattle, University of Washington President Charles Odegaard temporarily halts university construction work and proposes to solve the crisis by running his own apprentice program for minorities. Chicago's Mayor Richard Daley steps in and comes up with a tentative offer from unions and contractors for 5000 job openings. Pittsburgh's retiring Mayor Joseph Barr, a member of the national Urban Coalition steering committee, closes down construction on the Three Rivers Stadium and on office buildings for U.S. Steel, Westinghouse Electric, the Pittsburgh National Bank, and Bell Telephone. Though reluctant to have construction delayed, U.S. Steel professes complete sympathy with the marchers' demands.

Even the Nixon Administration, which in other areas has attempted with all deliberate speed to reverse desegregation, is in on the act. Labor Secretary George Shultz, responding to a request from Pittsburgh's Mayor Barr, rushes in a three-man negotiating team. During the height of the white backlash, Assistant Secretary of Labor Arthur Fletcher holds hearings on union discrimination in Chicago. The Labor Department announces that it will extend its "Philadelphia Plan" quotas on minority hiring to other cities. A winter lull in the demonstrations coincides with the seasonal slowdown of the industry, but a new spring offensive is already in the works.

The Wall Street Journal sums it up best: "It's just like the early 1960's." Non-violent leaders hold the militants in check. Help from whites is welcomed. Business, far from avaricious, acts responsibly and with a social conscience. Government, once pushed, moves decisively. A coalition of conscience is born: We Shall Overcome.

That's the dream; the reality is quite different. Over the last eight years American businessmen have enjoyed a record economic boom. But soaring profits have brought with them a creeping-crawling-and-now-jumping (six per cent) inflation—a situation which presents difficult alternatives for the system. "The unpleasant fact," as Fortune explains it, "is that the country has never worked its way out of inflation without a recession in the postwar years, and nobody can be absolutely certain that it can be done."

To bring the high-flying economy down this side of 1929, government officials and business policy makers must find a way to trim the sails somewhere. Yet they doggedly refuse to completely cut back Viet-Nam expenditures—the original cause of inflationary government spending—or to cut back profits, which have doubled since 1961. The only thing left to cut is "labor costs" (i.e., workers' wages). So the average worker, now bringing home about $1 less in real purchasing power than in 1961, has been chosen to bear the costs of inflation. Wages will be kept down; unemployment forced up. (Official unemployment rates jumped from 3.5 per cent to 4 per cent between August and September.) Businessmen will save on costs. Consumers—those are the workers after hours—will have less money to contribute to inflated prices. It's like a Marxist fairy tale.

The one hitch, however, is the unions. And that's where Black Monday fits in. The extremely broad establishment coalition moving in behind Black Monday is using the guise of racial justice in their effort to cripple the bargaining power of the unions. If these newcomers to the civil rights struggle succeed, they will shift the burden of checking inflation from their own well-deserving shoulders onto those of the workers, both black and white. It's a new move in a very old game: Set the workers against each other over crumbs while the boss takes his off the top.

[WAR ON INFLATION: THE CONSTRUCTION FRONT]

ROGER BLOUGH HAS LONG BEEN a big name in inflation. In October 1961, in return for President Kennedy's promise to help hold down union wage demands "to a level consistent with continued price stability," Blough, then board chairman of U.S. Steel, one of the most notorious price escalators in American industry, agreed to forego any further increase in steel prices. Kennedy, along with Labor Secretary and former steel union negotiator Arthur Goldberg, then pressured union leaders to limit themselves to a 2.6 per cent wage increase, their smallest gain since World War II. The contract was signed on March 31, 1962. Ten days later, U.S. Steel led an industry-wide price hike of $6 per ton.

"I do not think it in the public interest in peacetime," explained Blough, "for anyone, including those of presidential rank, to substitute his own action for the action of the marketplace by trying to set prices for any competitive product." Angered by the betrayal and fearful that steel price hikes would boost prices throughout the economy and destroy his wage-price guidelines, Kennedy publicly forced Blough to back down. Within the year, however, the immense long-range power of the business community asserted itself. Blough and his competitors again raised the price of steel—this time with presidential commendation for "restraint."

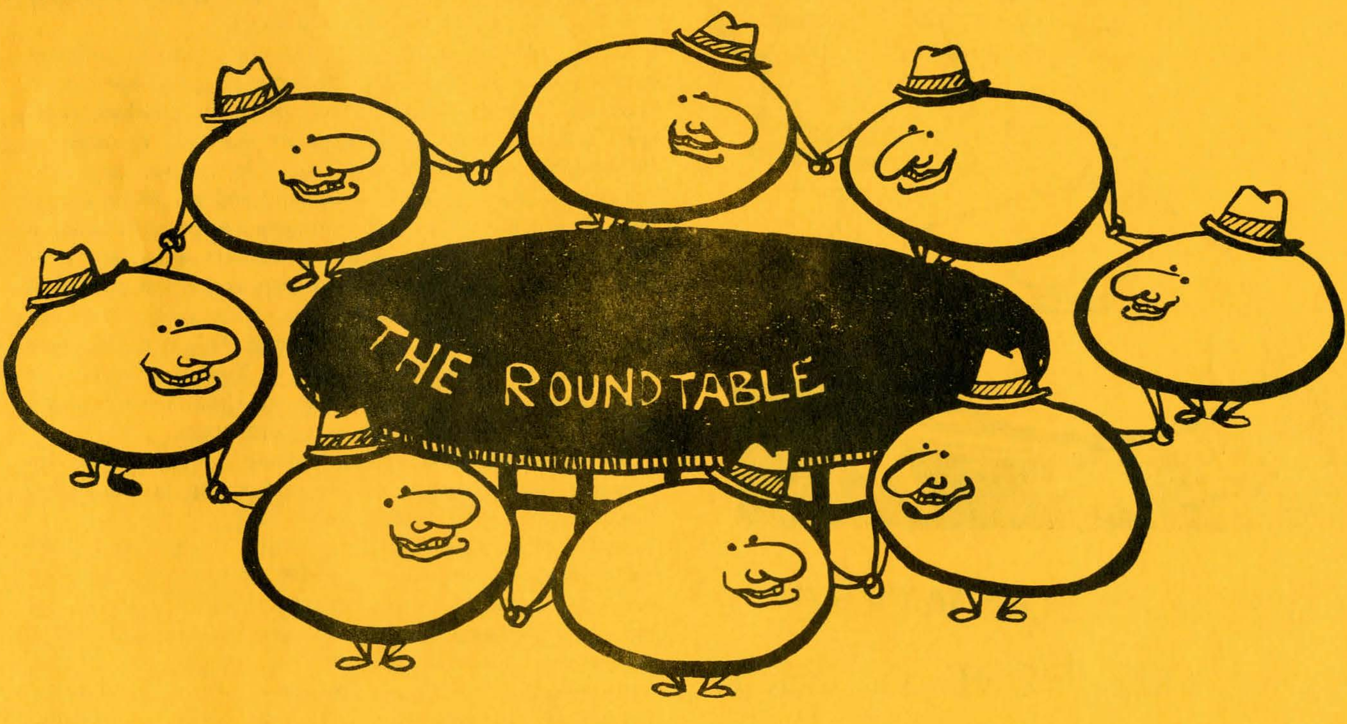
Today Mr. Blough, ghost of inflations past, is the American business community's number one inflation-fighter, and still a major enemy of the unions. His immediate target: the same construction unions presently under attack by the blacks.

Blough's secret weapon in his crusade against the construction unions, kept under wraps until the mid-August black protest in Pittsburgh, is the awkwardly named Construction Users' Anti-Inflation Roundtable. On the Roundtable sit about 100 top executives from the nation's biggest corporations, firms such as GE, GM, Dow, Esso, Shell, AT&T and Alcoa.

As the nation's biggest purchasers of new office buildings and factories, the Roundtable executives are worried about soaring construction prices. As the nation's biggest employers, they fear that union contract settlements in construction are, as Fortune puts it, "generating pressures in the rank and file of the industrial unions for similar exorbitant increases." As the nation's most likely future producers of industrialized housing and prefabricated buildings, they hope to clear away any union roadblocks to the creation of a nationwide, government-subsidized construction market.

The purpose of the Roundtable is to serve, in the words of a Wall Street Journal "insider," as "a sort of internal police system," encouraging each of the members to stand firm behind the building contractors and against the building trades unions. Normally the large construction user works at cross purposes with the contractors, pressuring them to accept union demands for high wages and overtime so as to avoid delays in getting a new facility into operation. Blough's Roundtable plans to eliminate this conflict by blacklisting striking workers and openly violating anti-trust regulations. The Journal's "insider" explains: "Any Roundtable member who breaks the rules of the club by pressuring a contractor into a costly wage settlement, or by providing work, directly or indirectly, for construction union members on strike would feel the 'collective displeasure' of the Roundtable." Even SDS would find it difficult to mount so thoroughgoing an attack on the "action of the marketplace."

Blough's regular troops for the coming campaign are the contractors. Most of the nation's 900,000 contractors are small local firms, and even the national construction giants control




# 'blough's secret weapon'

far less of the market in their industry than do the leaders in auto, steel, and chemical production. Homebuilding is especially fragmented: 14 of the largest companies account for the construction of less than two per cent of the nation's homes. This decentralization weakens the contractors at the bargaining table. So, under the pressure of rising costs, they are now banding together in 12 multi-state regional associations, the first of them centered in Pittsburgh.

Unified, the contractors will go into 1970 contract negotiations—especially in Pittsburgh and Cleveland—demanding regional bargaining and common expiration dates on contracts. The unions will balk at this threat to their local autonomy and bargaining position. But the contractors stand ready to hold out. To stiffen the contractors' resolve, the major construction users are taking out high-price "associate memberships" in the regional construction associations. A National Association of Manufacturers task force, headed by a top U.S. Steel bargainer, Warren Shaver, is mobilizing small and medium-sized companies to support the contractors. Lloyd's of London, through a Bermuda affiliate, is selling the contractors strike insurance. And large banks (the contractors have a friend at Chase Manhattan) are promising not to charge interest on construction loans while a contractor is being struck.

"The country will have to suffer some really tough bargaining confrontations," explains labor consultant John C. Garvin, author and chief proponent of regional bargaining. "A big regional strike, crippling construction over a wide area, would likely prompt strong public reaction and possibly federal intervention. The builders believe this would be to their advantage."

[GOVERNMENT-INDUSTRY P.R.: THE "OVERPAID" CRAFTSMEN]

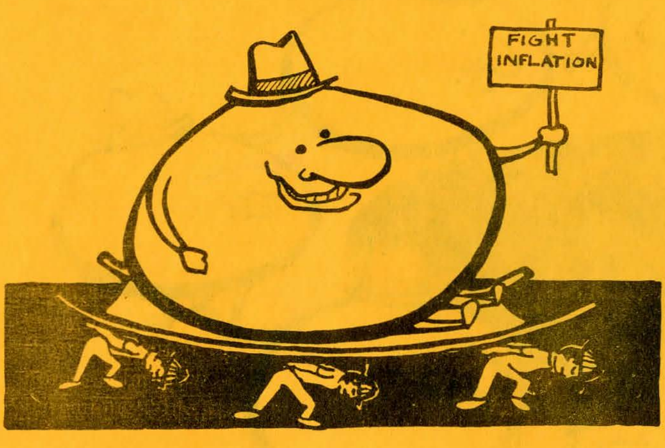
THIS STRATEGY, OF COURSE, requires that public outrage be directed at the workers rather than the bosses. Even before Lyndon Johnson went back to Texas to work on his ranch, the President's Kaiser Commission (Urban Housing), Douglas Commission (Urban Problems), and Cabinet Committee on Price Stability all set out to discredit the building trades unions. And the Nixon Administration is playing an even more active role, leaving no doubt as to which side federal intervention would serve in a showdown. In September, when black heat on the unions was hottest, Nixon appointed a Cabinet Committee on Construction. Headed by Paul McCracken, chairman of the President's Council of Economic Advisors, the committee is working to bring government construction policies into line with those of the construction users on the Roundtable. For openers the President announced a 75 per cent cutback on all federal construction—a move calculated, in the words of one industry observer, "to give the labor unions a good kick in the pants" by reducing the demand for their labor. Nixon also strengthened the contractors by appointing a government-industry-union commission to intercede in major labor disputes. Using public relations and compulsory "cooling off periods," government and industry representatives will pressure the unions to end strikes and wildcat walkouts—a strategy which will, if Time magazine is correct, "reduce the sky-high wage settlements that are fueling inflation." The Nixon Administration, which is otherwise generally soft on segregation, has also moved directly against union discrimination by setting quotas for minority hiring on federal construction.

This close government-industry cooperation comes naturally to the men involved. Interior Secretary Walter Hickel and Transportation's John Volpe are both big contractors. Even more important is Postmaster General Winton Blount, formerly a big Alabama contractor and president of the United States Chamber of Commerce. Currently a key Nixon political advisor, Blount is a major anti-union coalition strategist.

Control of high ground is of course no guarantee of victory. The anti-labor crusaders know they must win the hearts and minds of the grass-roots American. Maoists call this process mass line. Blough's managers know it as P.R., and they have mobilized their media for an all-out attack.

Media blaring, Blough's blame-the-unions-for-inflation bandwagon picks up speed. The message is familiar: union demands for higher wages, especially in the building trades, spark inflation. Wage settlements are sky-high. Plumbers in Philadelphia make $19,000 a year. Electricians, carpenters, bricklayers and iron workers demand and get $8 to $10 an hour. Productivity sags. The outrageous wage settlements in construction are inciting industrial workers to escalate their own demands. High construction costs and union control of building codes are robbing the urban poor, mostly black, of any chance for mass-produced housing. This is the businessman's message, piped far and wide by Time, Fortune, Newsweek, the entire McGraw-Hill chain, the Urban Coalition, and half a dozen government advisory committees.

But for all the campaigning, industry's image of the construction worker—smug, secure, and sitting fat—does not hold up. Few of the image-peddlers have ever stood cramped beneath a dripping pipe looking up at a hot welding arc two inches away. For this uncomfortable work, the average plumber or carpenter does make between $5 and $7 an hour. Yet, out of a 2000-hour standard work year, the average craftsman works only 1400 hours. During 1967, for example, construction workers suffered a 7.3 per cent unemployment rate—twice the average for all non-agricultural workers. All-weather construction techniques will lengthen the work year in the future, but even in California approximately one-fourth of the carpenters are presently out of work. At the end of the average year then, the "overpaid" craftsman winds up with




'the average worker... has been chosen to bear the costs of inflation' the same $7000-9000 earned by the auto or steelworker, and they all pay the same federal income surtax which, as Fortune pegs it, "was expressly designed to remove money from workers' pockets and thereby slow down inflation."

Now, with deflation, the prospects for construction workers are becoming even bleaker. Commercial bankers, gone on what Congressman Wright Patman calls "the biggest profit-making binge in their history," have fixed interest rates so high and restricted credit so tightly that short-term construction money and long-term mortgage money are rarer than Acapulco Gold. When they do manage to get money, building contractors pass these interest costs along, boosting their prices this year, for example, anywhere from 6 per cent to a historic 22 per cent. At these rates, fewer people can afford to build. Any growth in the dollar value of construction next year will barely cover the inflation of the construction dollar, while building of homes will fall some 30 to 50 per cent below recent annual averages by the end of 1969—nearly one million houses per year short of the President's national goal. For the construction worker, who is just beginning to catch up with inflation, these cutbacks mean fewer hours of work and less money for groceries and rent. No wonder he's tender about "expanding the supply of labor" in the construction labor market, while the demand for that labor is being systematically reduced.

[THE ROLE OF BLACK MONDAY]

On top of these attacks came Black Monday—the *pièce de résistance* of the big business assault on the laboring man. The blacks, of course, are not simply serving as pawns in someone else's game. Black people have performed a large volume of the skilled-craft labor in American construction since before the Civil War. They have struggled for union cards at least since W.E.B. DuBois' 1902 attack on the American Federation of Labor. They need the jobs that are controlled by the union hiring halls. And many unions remain as lily-white as Blough's Roundtable of corporation executives. Fortune and Business Week did not have to tell the black man that the craft unions discriminate. However, some just causes get powerful backing and others do not. That's where the big business inflation-fighters come in. They are using their money and their media to keep black rage channeled in "constructive directions"—against the unions and away from big business.

Their basic model is Seattle's black construction coalition. "The movement grew," explains coalition leader Tyree Scott, "because people could identify. People had gone to the union halls and had gotten turned down and then went to menial hirings." But for all their grass-roots support, Scott and much of the city's black leadership draw heavily on the resources of the national business establishment's two most important social agencies—the Ford Foundation and the Urban Coalition. They do this through the recently formed National Association of Minority Contractors (NAMC).

For over a year Scott and other NAMC leaders have maintained close contact with the Urban Coalition, whose steering committee and task forces include most of the key Roundtable executives. Several representatives from the Urban Coalition were prominent at the NAMC's founding convention.

The elite links to the black contractors are designed to outlive the present assault on labor. But even in this assault they have their use. The Urban Coalition, through its ties with Scott and others, has kept tabs on the growing black agitation against the unions in Seattle and other communities—intelligence of some import in the timing of the big business

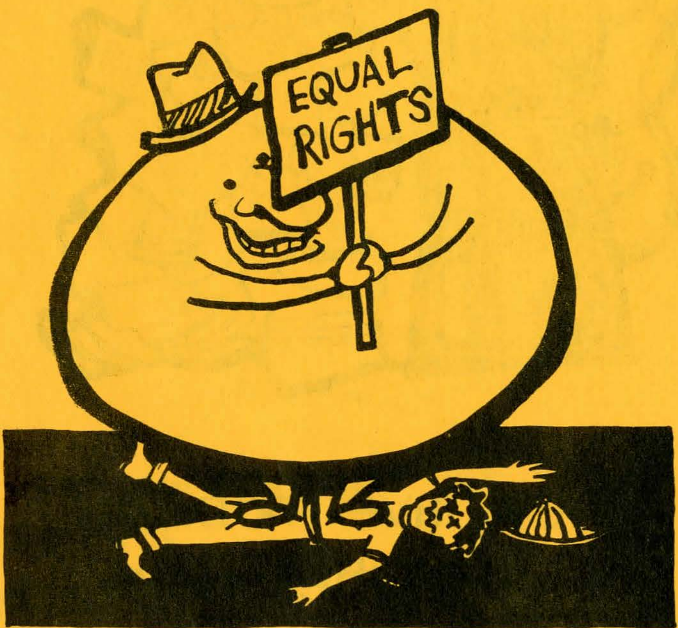

## 'they have mobilized their media'

attack on the unions. Once the Seattle struggle began, Scott and the other contractors provided militant leadership; they themselves led the first sit-in to stop construction at a local school. They also acted "responsibly": ignoring the advice of the radicals, they never once broadened their attack from the unions and contractors to the bankers and big businessmen who are cutting back needed jobs and construction.

Scott insists he isn't anti-union; but instead of demanding more jobs for white and black alike, he fights only against the white workers for a larger slice of a shrinking pie. "Well," he said to an interviewer, ignoring 3000 hard-hatted white construction workers who had stormed through Seattle the previous week, "someone's going to get the good wages, so why not blacks?"

Big business inflation-fighters find Chicago's black leadership even more responsible. C. T. Vivian and Jesse Jackson, the two most prominent leaders of Chicago's Coalition for United Community Action, are old followers of Martin Luther King, Jr., and leaders of the Southern Christian Leadership Conference. Like Scott in Seattle, they were responding to real feelings in the black community. But even more than Scott, Vivian and Jackson have ongoing economic *and* political ties with the business establishment, both nationally and in Chicago.

SCLC's Andy Young, for example, sits on the Urban Coalition's steering committee along with David Rockefeller, Edgar Kaiser, IBM's Thomas J. Watson, Jr., and Westinghouse's Donald C. Burnham. Northwest Industries, First National Bank of Chicago, Bell & Howell, Continental Illinois National Bank, Sears Roebuck, and other Chicago banks and corporations are giving $750,000 to C. T. Vivian's Black Strategy Center. The Ford Foundation is expected to chip in another $400,000. Senator Charles Percy, former chief of Bell & Howell, and Kennedy-man Sargent Shriver have helped channel federal funds to gangs like the Blackstone Rangers (now the Black P. Stone Nation, Inc.) which provide the muscle and militance for the black coalition. The independent Democratic Coalition—centered around Adlai Stevenson III, Montgomery Ward's Donald Walker ("The Walker Report") and others among Chicago's old-line liberal rich—works closely with Jackson, even mentioning his name as a possible anti-Daley candidate for mayor.




## 'the guise of racial justice'

Ties such as these did not buy black Chicago's attack on the unions. But they did help Vivian and Jackson choose this particular time to press their attack, and they helped in financing it. In turn, Vivian and Jackson restricted their fire to the unions and the contractors.

The big business inflation-fighters have been least successful in limiting Nate Smith and the Pittsburgh blacks—but that isn't for lack of effort. A year ago, the top-drawer Allegheny Conference on Community Development (ACCD) secured a $368,000 Labor Department grant for a job-training program organized by Smith. The ghettos had just exploded in the aftermath of Martin Luther King's assassination, and the ACCD—founded by Pittsburgh's most powerful man, Richard King Mellon, and run by the Pittsburgh-based executives now on the Blough Roundtable—wanted to restore peace.

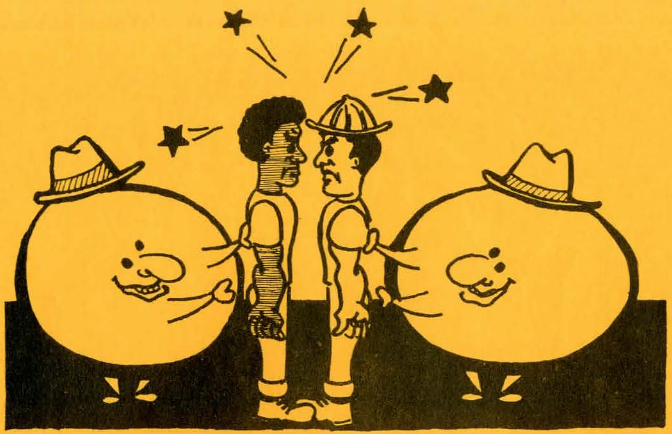
Smith's "Operation Dig" seemed a good prospect for cooling the grass-roots fire. Operation Dig (black-controlled) was somewhat unorthodox: Smith went out of his way to recruit trainees and to adapt his teaching methods to paroled felons and street-corner toughs. Nonetheless, 67 heavy equipment operators were graduated from the program and placed into the unions. Smith then proposed a $500,000 Dig II to train 110 blacks in construction skills. The Labor Department agreed; the contractors and unions said no. "We will never get into another program where the blacks control it," stated the contractors' representative. The unions insisted on their traditional three-to-five year apprenticeship programs. The ghettos had quieted down. The Allegheny Council remained silent.

Thus matters stood until the Department of Housing and Urban Development, and Urban America, a Washington-based group founded in 1964 by Mellon in-law Stephen Currier, came up with $100,000 for a union-run training program. The new program, a substitute for Dig, was to be administered in conjunction with the local Opportunities Industrialization Center (OIC), a foundation-financed hotbed of black capitalism, and the Bidwell Cultural and Training Center, another beneficiary of the Allegheny Council's post-assassination munificence.

But "the moderates" weren't biting. Bidwell denied any connection with the offer. OIC backed out. Both joined Smith in a united front which, in August, expanded into the community-wide Black Construction Coalition and the Black Monday attack on the construction unions.

The problem for Pittsburgh's elite is that Nate Smith, who commonly shows up at negotiations in sandals and a colorful African dashiki, is much more radical than the Coalition and understands clearly what the business leaders are doing. "The corporations want to flood the labor market to bring wages down," he explains. A union man himself, Smith believes that if the unions are busted, the blacks will get hurt along with the whites. "It's not a black-white thing," he insists, "but a question of the haves versus the have-nots." Yet, especially since the unions (and the contractors) refuse to negotiate with him, he just doesn't know where to turn.

Smith's dilemma plagues concerned whites as well. In Pittsburgh, a group of SDS Weatherwomen, radical opponents of "white-skin privilege," militantly joined with "guilty white liberals" in unquestioning support of the black coalition. In Seattle, the SDS Labor Committee, urging blacks to demand more housing, hospital and school construction for both black and white workers, found themselves with the correct analysis, but directed at the wrong group at the wrong time. In Chicago another SDS group leafletted the white workers and counted themselves lucky to come home in one piece. Elsewhere, old SNCC supporters and assorted New Leftists watched the news with a growing fear that class struggle had lost out to race war, and that it was simply time to choose up sides for a conflict in which both sides would lose.



PERHAPS IT IS TOO LATE. The building trades unions are a far cry from a radical's dream of proletarian solidarity. Many of the workers are racist. Most seem quite willing to let AFL-CIO president George Meany boost the war that boosts their grocery bill. Why should the blacks bite the extended hand of the anti-union businessmen? And why wouldn't the white construction workers see this tacit alliance as a direct attack on their livelihood?

Yet even in the absence of an easy alternative, the costs of the present alliance can still be weighed. For a quarter century prior to 1917, Chicago's biggest businessmen imported Southern blacks to scab and break the unions. In the heated summer of 1919, their investment paid an unexpected dividend—race war. The present anti-inflation crusade sets black and white workers at each other's throats in much the same way. If anc when the white backlash really erupts, possibly in a more lasting and organized way than in 1919, the black man's liberal business friends will be long gone. As political ally no less than as worker, the black is still "last hired, first fired."

Equally important, big business liberals are as opposed to black control as are the contractors and unions in Pittsburgh. Writing about the fight over Smith's Operation Dig, the Wall Street Journal saw the matter clearly: "The issue is of more than local interest because it cuts to the heart of the demand increasingly made by the nation's more militant black leaders: That Negroes control the institutions that affect their lives, whether they're schools, community agencies or job training programs."

Finally, unchecked deflationary cutbacks will cut back black jobs (and wages) throughout the economy. Even those blacks who break through the union barriers will find little of the good wages they expect. "Expansion of the labor market" occurring at a time of construction cutbacks can only hold wages down for all—or lead to those regional strikes promised by the contractors. A few blacks might be able to scab, but that could lead quickly to a losing race war.

To avoid these costs, Smith and the other black radicals would have to turn their moral power and militance toward an immediate end to all Viet-Nam spending, a cutback in prices at the expense of profits rather than wages, an immediate start on the 26 million houses promised by Congress for the next ten years, and an end to the use of construction cutbacks as a tool to fight inflation. Before black people can be expected to move on that kind of program, there would have to be assurances from the unions that a fair share of the projected benefits would go to blacks. Of course to take this approach, which might attract surprising support from rank-and-file white workers, black leaders would have to fly full in the face —and the bankrolls—of the black movement's big business backers.

CONSTRUCTION USERS' ANTI-INFLATION ROUNDTABLE

POLICY GROUP

Roger Blough (chairman)--White & Case
A.H. Aymond--Consumers Power Co.
Fred J. Borch--General Electric Co.
J.K. Jamieson--Standard Oil Co. (NJ)
Birny Mason, Jr.--Union Carbide Corp.
Frank R. Milliken--Kennecott Copper
James M. Roche--General Motors Corp.
H.I. Romnes--AT&T

CONSULTANT

J.M. Graney--Ebasco Services, Inc. (subsidiary of Boise Cascade)

COORDINATING COMMITTEE

A.S. Alston--AT&T
C.C. Armstrong--Dow Chemical Co.
J.H. Barnes--American Electric Power
Roger Blough--White & Case
Charles M. Brooks--Texaco, Inc.
Virgil B. Day--General Electric Co.
Algie A. Hendrix--General Dynamics
Charles Jones--Humble Oil Co.
David B. Luckenbill--Shell Oil Co.
Weldon McGlaun--Proctor & Gamble
J.W. Miller, Jr.--B.F. Goodrich Co.
J.G. Morber--ALCOA
John Oliver--E.I. DuPont de Nemours & Co.
Louis G. Seaton--General Motors Corp.
J. Warren Shaver--U.S. Steel
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William P. Scott, Jr.--Scott & Co.
R. Eric Miller--Bechtel Corp.